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Before The  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

In re Applications of	)	MM Docket No. 99-153
	)	
READING BROADCASTING, INC.	)	File No. BRCT-940407KF
	)	
For Renewal of License of	)	
Station WTVE(TV), Channel 51	)	
Reading, Pennsylvania	)	
	)	
and	)	
	)	
ADAMS COMMUNICATIONS CORPORATION	)	File No. BPCT-940630KG
	)	
For Construction Permit for a New	)	
Television Station to Operate on	)	
Channel 51, Reading, Pennsylvania	)	

To: Magalie Roman Salas, Secretary  
for direction to  
The Honorable Richard L. Sippel  
Administrative Law Judge

ADAMS' MOTION FOR LEAVE  
TO PRESENT REBUTTAL TESTIMONY

1. In accordance with the Court's Order released January 14, 2000 (FCC 00M-05), Adams Communications Corporation ("Adams") moves for leave to present rebuttal testimony relative to the case of its opponent in this comparative proceeding, Reading Broadcasting, Inc. ("RBI").

2. The Commission has held that a party to a comparative broadcast hearing proceeding is entitled to offer rebuttal evidence addressed to its opponent's direct case including matters elicited in the rebuttal proponent's cross examination of the opponent's witnesses. WVCO, Inc., 67 R.R.2d 1663 (1990). While the typical civil court (plaintiff/defendant) setting is

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different, the general principal of favorable consideration of, if not entitlement to, rebuttal opportunities, including those following the rebuttal proponent's cross examination of an opponent's witnesses, is applied in the federal courts, e.g., Gray v. Pet Milk Co., 108 F.2d 974 (7th Cir.), cert. denied sub nom. Pet Milk Co. v. Gray, 309 U.S. 688 (1940) and in the state courts, e.g., Ahearn v. Florida Power and Light Company, 113 So.2d 751 (1959 Florida) and Yee v. Okamoto, 370 P.2d 463 (1962 (Hawaii)).

3. Deposition testimony of officers and directors of RBI may be received in evidence generally and/or as an admission against interest in accordance with 47 C.F.R. §1.321(d)(2); see, also, Rule 32(a)(2) of the Federal Rules of Civil Procedure; e.g., Community Counselling Service, Inc. v. Reilly, 317 F.2d 239, 243 (4th Cir. 1963); Zimmerman v. Safeway Stores, Inc., 410 F.2d 1041, 1044, n. 5 (D.C.Cir. 1969); C.R. Bard Inc. v. M3 Systems, Inc., 866 F.Supp. 362, 363 (N.D.Ill. 1994); cf., Posey County Broadcasting Corp., 68 R.R.2d 529, 530-531 (1990); 7 Moore's Federal Practice 3D, ¶32.02[2][c] (1997).

4. Adams has narrowed its rebuttal proofs to three items, oral testimony of Daniel Bendetti and portions of deposition testimony of Frank D. McCracken and Jack A. Linton.

#### Oral testimony of Daniel Bendetti

5. Mr. Bendetti was one of three top management officials at RBI's station during the license term as identified in the Disclosure Statement filed in the bankruptcy proceeding (Adams

Exhibit 18). The other two were Mr. Parker and Mr. Mattmiller, who have testified before this Court. Additionally, Ms. Bradley has testified before this Court. All have a bias favorable to RBI (in the non-pejorative evidentiary sense), Mr. Parker as the dominant principal of RBI, Mr. Mattmiller who has been a colleague of Mr. Parker dating back upwards to 20 years, and Ms. Bradley, a long time and still current employee of RBI.

6. Mr. Bendetti was a long-time employee of the station as well, dating back before the arrival of Mr. Parker, who served in the management of the station throughout the license term and beyond. Mr. Bendetti was central to the program operation of the station during the license term. He was active in the community ascertainment process. His name appears frequently in the volumes of quarterly reports in evidence as Reading Broadcasting Exhibit 8, Appendices C through X. His name is referred to in transcripts of testimony of community witnesses that RBI will be offering into evidence.

7. Subsequent to the license term, Mr. Bendetti was dismissed by Mr. Parker at or about the time the station converted to a Spanish format; he is currently employed at the Fox television station in Philadelphia. Accordingly, Mr. Bendetti may reflect a bias (also in the non-pejorative evidentiary sense) adverse to RBI. If the Court arrives at that perception, fair enough, but without the testimony of Mr. Bendetti to provide an alternative light on the program and ascertainment operations of the station during the license term,

the Court will not have a balanced understanding or record in the matter.

8. Mr. Bendetti will testify concerning his direct personal knowledge of the program operations and ascertain process during the license term, including the following subjects:

(a) In rebuttal of the following testimony of Mr. Mattmiller: "Foremost of importance, as mandated by Mike Parker, General Manager of Reading Broadcasting, Inc. was upholding the station's obligation as a public trustee in terms of providing service to the community." Reading Exhibit 6 at page 1.

(b) Regarding circumstances, unrelated to the ascertainment process, of the decision to use numerous canned programs produced in Harrisburg for legislators commencing in the latter part of the license term, referred to in RBI's direct exhibits and testimony of Ms. Bradley, Mr. Mattmiller and/or Mr. Parker.

(c) Regarding circumstances, unrelated to the ascertainment process, of the occasional production and telecast of programs by the station in excess of five minutes including those referred to in RBI's direct exhibits and testimony of Ms. Bradley, Mr. Mattmiller and/or Mr. Parker.

(d) In rebuttal of the direct testimony of Mr. Kase justifying the failure of the station to telecast live programming (Reading Broadcasting Exhibit 7); this will include testimony regarding the inability to insert live "advisories" on pretaped weather programs.

(e) With regard to transmission outages and operation at

reduced power reflected on the station logs and the subject of cross examination of Mr. Kase, rebuttal testimony of complaints to the station about such outages and reduced power.

(f) Rebuttal testimony regarding complaints about programming broadcast by the station during the license term, none of which was disclosed in the direct case presentation of RBI.

9. With regard to items (e) and (f) in ¶8 above, complaints about station operations during the license term are relevant under the license renewal expectancy standard. E.g., Pillar of Fire, 99 FCC2d 1256, 1259-76 (Rev.Bd. 1984), review denied, 2 FCC Rcd. 519 (1987); Video 44, 102 FCC2d 408, 412 (¶8), 58 R.R.2d 1537 (Rev.Bd. 1986); Valley Broadcasting Company, 3 FCC Rcd. 4947, 4982, fn. 47 (Judge Stirmer 1988).

Deposition testimony of Frank D. McCracken

10. With regard written direct testimony of Mr. Parker addressed to the broadcast experience of Rev. McCracken as producer of the program, Air Gospel, commencing in 1996 subsequent to the end of the license term (Reading Broadcasting Exhibit 3 at page 3), Adams will offer in evidence Rev. McCracken's deposition testimony, held October 13, 1999, regarding that broadcast experience. A copy of the deposition transcript, pages 22-26, is attached as Appendix A. The record reflects that Rev. McCracken is an officer and director of RBI.

Deposition testimony of Jack A. Linton

11. Based on a bench ruling by the Court regarding

consideration of evidence pertaining to a "transfer of control" question, there has been testimony by Mr. Parker leading to argument by counsel for RBI that a "proxy contest" within the meaning of the Commission's policy regarding such contests had not taken place in conjunction with the change in the Board of Directors at a meeting of stockholders held October 30, 1991. With regard to this fact-related issue, Adams will offer in evidence the deposition testimony of Mr. Linton pertaining to that meeting of stockholders. For a full understanding of the testimony, the entire passage, pages 51-83 of Mr. Linton's deposition held November 8, 1999, will be offered; the most pertinent testimony in point may be found at pages 62-64. A copy of pages 51-83 of the transcript is attached as Appendix B. The record reflects that Mr. Linton is a director of RBI.

Respectfully submitted,

  
\_\_\_\_\_  
Gene A. Bechtel  
\_\_\_\_\_  
Harry F. Cole

Bechtel & Cole, Chartered  
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Counsel for Adams Communications  
Corporation

January 21, 2000

## APPENDIX A

Before The  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In re: Applications of : MM Docket No. 99-153  
READING BROADCASTING, INC. :  
For Renewal of License of : File No. BPCT-940407KF  
Station WTVE (TV), Channel :  
51, Reading, Pennsylvania : File No. BPCT-940630KG  
and :  
ADAMS COMMUNICATIONS :  
CORPORATION :  
For Construction Permit for :  
a New Television Station :  
to Operate on Channel 51, :  
Reading, Pennsylvania :

DEPONENT: REV. FRANK McCRACKEN

DATE AND TIME: Wednesday, October 13, 1999  
at 10:30 a.m.

LOCATION: Comfort Inn  
2200 Stacy Drive  
Reading, Pennsylvania

Berks Court Reporting Service  
By: Lori A. Dilks, RPR  
12 Pacific Avenue  
Sinking Spring, Pennsylvania  
(610) 678-9984

**ORIGINAL**



APPEARANCES:

HOLLAND & KNIGHT, LLP  
By: Thomas J. Hutton, Esquire  
2100 Pennsylvania Avenue, N.W.  
Suite 400  
Washington, D.C. 10037-5564

Representing Reading Broadcasting, Inc.

BECHTEL & COLE, CHARTERED  
By: Gene A. Bechtel, Esquire  
1901 L Street, N.W., Suite 250  
Washington, D.C. 10036

Representing Adams Communications

STIPULATION: It has been stipulated by and between counsel that they waive the sealing of the transcribed testimony by the witness, and the filing of the original with the Court, and all objections, except as to form, until the time of trial.

I N D E X

<u>WITNESS</u>	<u>EXAMINED BY</u>	<u>PAGE</u>
Rev. Frank McCracken	Mr. Bechtel	3
	Mr. Hutton	26

EXHIBITS

<u>NUMBER</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
McCracken 1	Ownership Report	27

1 you watch television, as a general rule? And I'm not  
2 talking now about your station.

3 A. I'm not a TV watcher, so on occasion I  
4 watch television. And during that period I was a  
5 councilman and so I didn't -- I watched selectively. I  
6 had a lot of other obligations and commitments, and I  
7 listened more to music because it was refreshing more  
8 than watching the TV which was depressing.

9 Q. Describe your experience as the producer of  
10 Air Gospel.

11 A. As producer of Air Gospel -- could you  
12 restate the question? I'm not sure exactly what you  
13 want to know.

14 Q. It was an oddly-worded question.

15 A. Yes, sir.

16 Q. What is Air Gospel?

17 A. Air Gospel is a TV program that highlights  
18 gospel music, singing, and includes a forum of -- issues  
19 forum that discusses Bible, the scriptures, and issues  
20 relating to, you know, spirituality.

21 Q. How long is the program?

22 A. The program is one-half hour in length.

23 Q. How often is it telecast?

24 A. It is -- currently?

25 Q. Yes.

1           A.     Currently it's telecast three times a week,  
2     and occasionally it's run during -- you know, when  
3     there's down time on the station. The traffic could put  
4     it on other times.

5           Q.     Yes. I believe in the papers that were  
6     filed with the FCC it was indicated that it's weekly on  
7     the station since 1996.

8           A.     Yes, sir.

9           Q.     Whose idea was it to put that program  
10    together?

11          A.     It was my idea to put the program together.  
12    Now that I'm involved in television and excited about  
13    it, I thought it would be good and it would be  
14    educational for me to learn about television. And I  
15    asked various staff members about how would I go about  
16    doing it, and I had conversation with Mike Parker about  
17    it. And, more or less, Mike Parker was in agreement  
18    with producing that program and we put the program on.

19          Q.     What do you do as producer of the program?

20          A.     As producer of the program, I basically  
21    come up with the outline, develop the outline of the  
22    program, determine the guest that I'm going to have on  
23    the program, the cont. of the program, the issues --

24          Q.     I didn't hear that word?

25          A.     The content, program content, the subjects

1 that will be covered in the program. I'm involved with,  
2 you know, kind of editing -- not editing, but kind of  
3 editing the editor to make certain that certain things  
4 are included in the program or taken out of the program;  
5 what type of opening, what type of close, what kind of  
6 camera shots, colors and wardrobes, what we'll wear, set  
7 design. As best I can say, all aspects of the program  
8 as a producer.

9 Q. Where do you get the music for the program?

10 A. Actually, I'm a musician. I play.

11 Q. Why am I not surprised. Go ahead.

12 A. I play. I also -- my son and my nephew, I  
13 also taught them so they play, and from time to time  
14 they're on the program providing the background music.  
15 And we have members from the church who sing. I sing  
16 along with them. We have a group called the Voices of  
17 Praise.

18 Primarily, we have the Cherubims or  
19 children's group from the church, and we bring guests on  
20 from time to time to perform, different singers, singing  
21 groups, different speakers, you know, a minister,  
22 evangelist, missionaries and others from the region to  
23 be a guest on the program from the church community or  
24 religious community, I should say.

25 Q. Do you ever speak?

1 A. Pardon?

2 Q. Do you ever speak?

3 A. Yes, I do. I'm part of the -- what we  
4 call, our Gospel forum. So I host the music part of the  
5 program, and I host the Gospel forum part of the  
6 program. So I'm host and producer.

7 Q. Why do you do this?

8 A. Why do I do it?

9 Q. Yes.

10 A. Well, I would say firstly because of my  
11 vocation as a minister and a pastor, as a concerned  
12 citizen, as a member -- a person in the community who  
13 embraces the concept of spirituality.

14 I also do it for the love. It's a labor of  
15 love. I enjoy singing, I enjoy speaking, and I enjoy  
16 helping people. And I'm a part of the community, and  
17 this is an outreach into the broader community, and it's  
18 what I've done all my life. It's what my father taught  
19 me to do and so it's a labor of love. It's not a  
20 drudgery. I just want to say one last thing.

21 Q. Go ahead, please.

22 A. And also it makes good sense. It's one of  
23 the kinds of things that we should be doing as a  
24 station. And there should be some active involvement on  
25 the part of myself, if I'm going to be a part of the

1 station. I need to be a participant and not a  
2 spectator. So it's something that I do.

3 MR. BECHTEL: That is it.

4 MR. HUTTON: I just have one or two  
5 questions.

6 BY MR. HUTTON:

7 Q. You mentioned a program called For The  
8 People. When did that program run?

9 A. I can't recall the exact dates. I know it  
10 was during the period of relicensure. It's the one  
11 thing I didn't really go back in the record so I'd truly  
12 have to look at it. So I don't recall. I can tell you  
13 that it ran -- it was running in 1994, that program. I  
14 know that it was running. So it was pre -- it was  
15 before '94 and after '94. I would know that much. I  
16 just date it because I know there was a mayor elected,  
17 and I interviewed him.

18 Q. And what was the length of the program, and  
19 how often did it run each week?

20 A. The program ran once a month, about once a  
21 month.

22 Q. And how long was it?

23 A. It was a -- the program was a two minute or  
24 three minute -- it was like a brief -- like a news  
25 brief.

APPENDIX B

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**Applications of Reading Broadcasting, Inc. and Adams Communications, Corp**

**PAGE 1 TO PAGE 103**

**Jack A. Linton, Esquire**

**November 8, 1999**

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**TRANSCRIPT CONCORDANCE**

**PREPARED BY:**

**Berks Court Reporting Service  
12 Pacific Avenue  
Sinking Spring, PA 19608  
Phone: (610) 678-9984  
FAX: (610) 678-5512**



## Page 1

(1) Before The  
(2) FEDERAL COMMUNICATIONS COMMISSION  
(3) Washington, D.C. 20554

(4) In re: Applications of : MM Docket No. 99-153

(5) READING BROADCASTING, INC. : File No. BPCT-940407KF

(6) For Renewal of License of :  
(7) Station WTVE (TV), Channel :  
(8) 51, Reading, Pennsylvania : File No. BPCT-940630KG

(9) and :  
(10) ADAMS COMMUNICATIONS :  
(11) CORPORATION :  
(12) For Construction Permit for :  
(13) a New Television Station :  
(14) to Operate on Channel 51. :  
(15) Reading, Pennsylvania :

(16) DEPENDENT: JACK A. LINTON, ESQUIRE

(17) DATE AND TIME: Monday, November 8, 1999  
at 10:15 a.m.

(18) LOCATION: Comfort Inn  
(19) 2200 Stacy Drive  
(20) Reading, Pennsylvania  
(21)

(22) Berks Court Reporting Service  
(23) By: Lori A. Dilks, RPR  
(24) 12 Pacific Avenue  
(25) Sinking Spring, Pennsylvania  
(610) 678-9984

## Page 2

(1) APPEARANCES:  
(2) HOLLAND & KNIGHT, LLP  
(3) By: Thomas J. Hutton, Esquire  
(4) 2100 Pennsylvania Avenue, N.W.  
(5) Suite 400  
(6) Washington, D.C. 10037-5564  
(7) Representing Reading Broadcasting, Inc.

(8) BECHTEL & COLE, CHARTERED  
(9) By: Gene A. Bechtel, Esquire  
(10) 1901 L Street, N.W., Suite 250  
(11) Washington, D.C. 10036  
(12) Representing Adams Communications

(13) STIPULATION: It has been stipulated by and between  
(14) counsel that they waive the sealing of the transcribed  
(15) testimony by the witness, and the filing of the original  
(16) with the Court, and all objections, except as to form,  
(17) until the time of trial.

(18) I N D E X

(19) WITNESS	EXAMINED BY	PAGE
(20) Jack A. Linton, Esquire	Mr. Bechtel	5
(21) EXHIBITS	DESCRIPTION	PAGE
(22) Linton 1	Article	5
(23) Linton 2	Memorandum Opinion & Order	5
(24) Linton 3	Minutes dated August 22, 1989	6
(25)		

## Page 3

(1) EXHIBITS (Continued)	PAGE
(2) Linton 4	Waiver of Notice of Special Meeting to be held October 11, 1989
(3)	9
(4) Linton 5	Waiver of Notice of Special Meeting to be held October 17, 1989
(5)	9
(6) Linton 6	Minutes dated January 11, 1990
(7) Linton 7	Waiver of Notice of Special Meeting to be held January 25, 1990
(8)	13
(9) Linton 8	Minutes dated April 3, 1990
(10)	15
(11) Linton 9	Minutes dated May 8, 1990
(12)	21
(13) Linton 10	Minutes dated May 23, 1990
(14)	22
(15) Linton 11	Minutes dated October 17, 1990
(16)	26
(17) Linton 12	Minutes dated November 7, 1990
(18)	31
(19) Linton 13	Minutes dated February 19, 1991
(20)	32
(21) Linton 14	Minutes dated March 4, 1991
(22)	36
(23) Linton 15	Minutes dated April 14, 1991
(24)	42
(25) Linton 16	Minutes dated June 25, 1991
(26)	49
(27) Linton 17	Minutes dated July 22, 1991
(28)	49
(29) Linton 18	Minutes dated July 25, 1991
(30)	49
(31) Linton 19	Minutes dated July 31, 1991
(32)	49
(33) Linton 20	Minutes dated October 30, 1991
(34)	51
(35) Linton 21	Minutes dated December 30, 1991
(36)	51

(22) Linton 22 Stenographic Report of Meeting  
held February 4, 1992 51  
(23) Linton 23 Minutes dated June 1, 1992 51  
(24) Linton 24 Minutes dated August 7, 1992 51

## Page 4

(1) EXHIBITS (Continued)	PAGE
(2) Linton 25	Minutes dated February 1, 1994 (Meeting of Shareholders)
(3)	51
(4) Linton 26	Minutes dated February 1, 1994 (Meeting of Board of Directors)
(5)	51
(6) Linton 27	Minutes dated May 19, 1994
(7)	51
(8)	
(9)	
(10)	
(11)	
(12)	
(13)	
(14)	
(15)	
(16)	
(17)	
(18)	
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(21)	
(22)	
(23)	
(24)	
(25)	

## Page 5

(1) PROCEEDINGS  
(2) JACK A. LINTON, ESQUIRE,  
(3) was called as a witness and,  
(4) having been first duly (4) sworn  
by the Reporter-Notary Public,  
was examined and (5) testified as  
follows:

(6) BY MR. BECHTEL:

(7) Q. We welcome Mr. Linton  
back, and I assume (8) that your  
residence address has not  
changed from just a (9) couple of  
weeks ago.

(10) A. Almost but it hasn't. I  
bought a new (11) condo, but I  
haven't moved yet.

(12) Q. Really?

(13) A. It's two blocks up. Yes.  
A long distance. (14) I'm too  
lazy.

(15) MR. BECHTEL: Should this  
record be placed (16) in a time  
capsule for posterity, I think it  
should (17) contain an article in  
The Journal of Taxation in April,  
(18) 1967 entitled, Tax Problems  
with Television Properties: (19)  
Films, Copyrights and Property  
Rights by Mr. Linton, and (20) I  
ask you to make that Exhibit 1,  
please.

(21) (Whereupon, the Reporter  
marked the (22) following exhibits  
for identification: Linton 1, (23) Ar-

ticle; and Linton 2, Memorandum  
Opinion and Order.)

(24) MR. BECHTEL: We have  
marked as Exhibit 2 (25) the Or-  
der of Judge Sippel issued Octo-  
ber 26th regarding

## Page 6

(1) the Discovery of Minutes that  
has some bearing on the (2)  
scope of what we're doing here  
this morning.

(3) This will be a statement for  
the record. (4) We have been fur-  
nished Pages 2 and 3 of a Meet-  
ing of the (5) Stockholders held  
August 1, 1989 but not the bal-  
ance of (6) the Minutes of that  
meeting. And we request that (7)  
Reading Broadcasting Company  
provide the entire set of (8) Min-  
utes, which we think is in keeping  
with the Court (9) Order.

(10) MR. HUTTON: What's the  
date?

(11) MR. BECHTEL: August 1,  
1989.

(12) MR. HUTTON: I don't see  
that referenced in (13) the Court's  
Order.

(14) (Attorney Bechtel reviewed  
document.)

(15) MR. BECHTEL: Paragraph  
11.

(16) MR. HUTTON: Okay.

(17) MR. BECHTEL: Also, for the  
record, we have (18) a copy of  
Minutes of the Meeting of the  
Board of (19) Directors held on  
the same date, which is all on  
one (20) page.

(21) (Whereupon, the Reporter  
marked Linton 3 (22) for identifica-  
tion, Minutes dated August 22,  
1989.)

(23) BY MR. BECHTEL:

(24) Q. Exhibit 3 consists of Min-  
utes of a Meeting (25) of the Di-  
rectors held August 22, 1989. I'll  
refer you,

tions. That (22) was how we agreed to do it.

(23) **MR. BECHTEL:** Mr. Cole advises me that (24) there are Minutes of the Board of Directors dated June (25) 3, 1991 and perhaps June 4, 1991, or it may be one and

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(1) the same, having information regarding sites, so we (2) would like those Minutes.

(3) (Whereupon, the Reporter marked Linton 16 (4) for identification, Minutes dated June 25, 1991.)

(5) **BY MR. BECHTEL:**

(6) *Q. Exhibit 16 consists of Minutes of a Meeting (7) of the Stockholders held June 25, 1991.*

(8) *Page 2, the Ed Brill deal, is that someone (9) who was kicking tires about buying the station that did (10) not materialize, or do you recall?*

(11) **A. I think Ed Brill was an agent, Brill (12) Ventures or something. They were hired to – or (13) retained a number of years probably before this – but (14) at some point to try to market the station.**

(15) (Whereupon, the Reporter marked Linton 17 (16) for identification, Minutes dated July 22, 1991.)

(17) **MR. BECHTEL:** Exhibit 17 consists of (18) Minutes of a Board of Directors' meeting held July 22, (19) 1991. I have no questions regarding this exhibit.

(20) (Whereupon, the Reporter marked Linton 18 (21) for identification, Minutes dated July 25, 1991.)

(22) **MR. BECHTEL:** Exhibit 18 consists of the (23) Minutes of a Board meeting held July 25, 1991. I have (24) no questions

concerning that.

(25) (Whereupon, the Reporter marked Linton 19

Page 50

(1) for identification, Minutes dated July 31, 1991.)

(2) **MR. BECHTEL:** Exhibit 19 consists of (3) Minutes of a Directors' meeting held July 31, 1991. I (4) have no questions concerning that exhibit.

(5) **THE WITNESS:** May I make a comment for (6) clarification?

(7) **MR. BECHTEL:** Please.

(8) **THE WITNESS:** H. Marvin Mercer, the (9) previous firm was Astor, Weiss & Newman. In the more (10) recent Minutes he changed firms to Krusen, Evans & (11) Byrne, but still being bankruptcy counsel. Just so (12) there's a – earlier I said Astor, Weiss & Newman. That (13) was his old firm.

(14) **BY MR. BECHTEL:**

(15) *Q. Mr. Mercer had other dealings with Mr. (16) Parker other than Reading Broadcasting, did he not?*

(17) **A. I believe so, but I don't know of firsthand (18) knowledge of that. But I think if they did they derived (19) from Astor, Weiss & Newman, from where Marvin came from, (20) so it would have been after we were in bankruptcy and (21) after Mike met Marvin. Too many M's, Mike met Marvin. (22) It wasn't, to my knowledge, a long previous association.**

(23) **MR. BECHTEL:** This is not an exhibit. I (24) have Page 13 of Minutes of a Directors' meeting held (25) August 14, 1991, and I do not appear to have the balance

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(1) of those Minutes. And since

the Minutes were obviously (2) very lengthy and during a time frame where we are (3) receiving lengthy Minutes which do have relevant (4) materials in them, I request on the record that Reading (5) Broadcasting check those Minutes again and see if they (6) should be furnished to us consistent with the Judge's (7) Order. Let's take a break.

(8) (Lunch recess was taken.)

(9) (Whereupon, the Reporter marked the (10) following exhibits for identification: Linton 20, (11) Minutes dated 10/30/91; Linton 21, Minutes dated (12) December 30, 1991; Linton 22, Stenographic Report of (13) Meeting held February 4, 1992; Linton 23, Minutes dated (14) June 1, 1992; Linton 24, Minutes dated August 7, 1992; (15) Linton 25, Minutes of Shareholders' Meeting dated (16) February 1, 1994; Linton 26, Minutes of the Board of (17) Directors dated February 1, 1994, and Linton 27, Minutes (18) dated May 19, 1994.)

(19) AFTER LUNCH RECESS

(20) **BY MR. BECHTEL:**

(21) *Q. We have marked as Ex-hi-bit No. 20 the (22) Minutes of a Shareholders' meeting dated October 30, (23) 1991. On Page 2 Mr. Parker, at the outset, said he had (24) enough shares to legally call this meeting.*

(25) *Do you know how many shares was needed to*

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(1) *legally call this meeting or how many percentage or (2) whatever?*

(3) **A. I believe the bylaws say anybody (4) representing 20 percent of the stock could call a (5) meeting, the bylaws which you don't have and I don't (6) have committed to memory,**

but I believe that's what they (7) say.

(8) *Q. At the bottom of Page 2, Mr. Schlegel (9) stated that the certificates were allocated to sway the (10) voters, by Partel, Inc., against the former corporation.*

(11) *What is your recall of the circumstances (12) under which you made that argument or statement of (13) position?*

(14) **A.** I believe that this refers to the fact that (15) certain shares were not issued to Dr. Aurandt, more than (16) anything else, thus keeping those shares out of the (17) ability to vote.

(18) There was another issue as far as any of (19) the shares being issued, and I don't remember if it was (20) at this time – September 14th was a key date dealing (21) with the plan of reorganization, and I didn't understand (22) it. It dealt with bankruptcy.

(23) Marvin Mercer was the corporation's (24) bankruptcy counsel. Tony Distasio – his name's spelled (25) wrong – was then an associate with Mr. Schlegel; he's

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(1) now my partner, by the way – is a bankruptcy attorney. (2) So something happened and they felt in mid-September (3) there were no validly-issued shares. So that may have (4) been part of the equation, that plus certain stock like (5) for Dr. Aurandt's pension plan had not been issued. (6) Certain stock was in dispute – and probably rightfully (7) so, in retrospect – as to whether it should have been (8) issued to Dr. Aurandt

alone or Dr. and Mrs. Aurandt.

(9) That, I think, is what this refers to.

(10) *Q. On Page 3 there is reference to a meeting (11) on September 14, 1991 at which Mrs. Aurandt was elected (12) to the Board. Are you familiar with that meeting?*

(13) **A.** Yes.

(14) *Q. What was it a meeting of?*

(15) **A.** Well, depending on which side you're on, (16) Board No. 1 or Board No. 2.

(17) *Q. This was a Board meeting?*

(18) **A.** Yes, or it might have been a Shareholders' (19) meeting.

(20) *Q. I'm sorry?*

(21) **A.** It may have been a Shareholders' meeting of (22) the last – it was a Shareholders' meeting, and it was (23) just before that drop-dead date when there would be no (24) valid shares, according to my recollection. And there (25) were notices sent out and proxies, and this was a time

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(1) where everybody was sending papers all over the place.

(2) *Q. I'm not trapping you. On Page 29 Mr. (3) Bowers called it a meeting – a Shareholders' meeting.*

(4) **A.** I think that's correct. I think that's (5) what it was. Now, I'm – and probably then followed by (6) a Directors' meeting to elect officers, but I'm not (7) sure. I'd have to look through these documents.

(8) *Q. Were Minutes taken of that meeting, the (9) September 14th Shareholders' meeting?*

(10) **A.** I don't recall whether they were or were (11) not. They

may have just been Mr. Schlegel's or Mr. (12) Distasio's notes at that time, but I don't really (13) remember. I don't remember having seen them, but they (14) may be. I don't know if any of you have seen them. I (15) don't remember having seen them, quite frankly.

(16) **MR. BECHTEL:** My request is of Reading (17) Broadcasting Company; that if Minutes were prepared of (18) the Stockholders' meeting of September 14, 1991, we (19) request those; and if there was a Board meeting on the (20) same date and Minutes were taken of that meeting, we (21) request those, assuming they come within the Judge's (22) Order, and I find it difficult to believe that they (23) wouldn't. But, in any event, we make that request.

(24) Going still on Page 2 of Exhibit 20, we (25) request a copy of Exhibit B to the Minutes referred to

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(1) on Page 3.

(2) **MR. HUTTON:** Where is that?

(3) **THE WITNESS:** It's this one (indicating). (4) I think they may already have that because I have seen (5) it on papers that were provided to you, Gene. Isn't (6) that the Mercer opinion?

(7) **BY MR. BECHTEL:**

(8) *Q. What I'm looking at on Page 3 is halfway (9) down: Mike Parker discussed Exhibit B, please see (10) attached. This entails an explanation of the validity (11) of the shares issued.*

(12) **A.** And I believe that was – I've seen that in (13) some documents that had been, I thought, provided to (14) you. To my knowledge, that was the

Mercer opinion (15) regarding the bankruptcy.

(16) *Q. That's not ringing a bell with me, but (17) I'm -*

(18) *A. It may not. I may be wrong. I may have (19) seen it, but you may not have it, but I think that's (20) what this is referring to.*

(21) *Q. In any event, our position is that any (22) document that is attached as an exhibit to the Minutes (23) should be provided to us.*

(24) *Go back to Page 1 for just a second of (25) Exhibit 20.*

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(1) *A. I'm there.*

(2) *Q. To your knowledge, when did Mr. Busby (3) acquire stock in Reading Broadcasting Company?*

(4) *A. The stock or the right - the actual (5) certificate or the right to it?*

(6) *Q. Let's start with the right to it.*

(7) *A. Probably sometime prior to this meeting. (8) May I give you the background?*

(9) *Q. That's my next question. Please do.*

(10) *A. Busby, Massey, Pavloff - and there may (11) have been two Pavloffs or two Masseys or something like (12) that - these were friends of Dr. Aurandt who back in (13) the early '80s - they used to all vacation together in (14) Hilton Head, and they talked about Reading Broadcasting. (15) Reading Broadcasting had financial problems.*

(16) *Dr. Aurandt, unbeknownst to me, issued - (17) got money from these people by notes. These notes were (18) then supposedly convertible to stock, or they (19) represented a debt.*

*I'm not sure which. And anyhow, as (20) the years passed, Busby, Massey, et al, never got (21) anything. They probably - from what I understand now (22) and then, Rick would make them promises. The (23) promises - Rick being Dr. Aurandt - wouldn't come to (24) fruition.*

(25) *Eventually they sued him under these*

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(1) *documents. They got a judgment in Federal District (2) Court. The Marshall - and Joe Hetrick, I believe, from (3) Deckert, Price & Rhoads represented them, and they (4) levied upon the stock. I don't think Reading (5) Broadcasting delivered it, as it was supposed to do, (6) because there was a question of whose stock it was.*

(7) *And Dr. Aurandt's stock - and I don't (8) remember specifically, but it would have been some Dr. (9) and Mrs. Aurandt, some Dr. Aurandt's corporation, Henry (10) N. Aurandt, M.D., P.C., and some of Dr. Aurandt's (11) retirement plan, Henry N. Aurandt, M.D., P.C., probably (12) the profit sharing plan because I don't think - I think (13) there was only one contribution made to the pension (14) plan, or I may have it reversed; it may have just been (15) to the money purchase pension plan.*

(16) *Rick didn't want his stock given so he - (17) that's what a lot of this was about, that and his (18) founder's stock. What was he truly entitled to? But (19) Busby and the two Pavloffs - yeah, there you are - (20) it's Paul Pavloff and Stella Pavloff;*

*I think these are (21) Dr. Aurandt's sister and brother-in-law - they got (22) their stock through this garnishment issued by a Federal (23) Marshall. And I think all we didn't do - when I say (24) we, Reading Broadcasting - was deliver it to the (25) Federal Marshall when we perhaps should have.*

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(1) *I think finally at the settlement sometime (2) in 1992 the actual certificates may have been prepared, (3) but I don't specifically recall that. But that's the (4) chronology.*

(5) *Q. Well, it's true, is it not, that as of (6) September 14, 1991, while the old grid of Stockholders (7) was in its penultimate day, neither Mr. Busby, nor Mr. (8) Massey, nor neither of the Pasloffs [sic] -*

(9) *A. Pavloffs.*

(10) *Q. - had stock for which they could give a (11) proxy?*

(12) *A. That may or may not be accurate. What I'm (13) saying is, if Reading Broadcasting was stonewalling the (14) Federal Marshall, we may have been legally obligated to (15) have transferred that stock to the Marshall in (16) satisfaction of the judgment.*

(17) *I think at that time and before that Mike (18) Parker was trying to, to some extent, placate Dr. (19) Aurandt 'cause Dr. Aurandt was biting at his heels (20) almost daily on a variety of things, basically expenses, (21) and their different management styles.*

(22) *I'd really have to look at the garnishment (23) to tell you whether the answer to your question is (24) correct or the*

way you posited it is correct. I don't (25) know when the garnishment was served.

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(1) *Q. In your experience, prior to this meeting (2) had Mr. Busby, Mr. Massey or either of the Pavloffs (3) appeared at a Stockholders' meeting or asserted a claim (4) as being Stockholders of record?*

(5) *A. The only one that would be, possibly, may (6) have been the August Stockholders' meeting, if there was (7) one, you know, within that immediate three or four (8) month period preceding that because my memory is that (9) the garnishment came somewhere in the summer of 1991, (10) but I could be wrong on that, Gene. I just don't know (11) offhand.*

(12) *I know Hetrick was really on my case to say (13) he was entitled to that stock – that they were (14) entitled. But, again, I – August seems to be in my (15) memory, but I can't tell you specifically whether that's (16) right or not. I'd have to look through the file to see (17) when that garnishment was, and I don't know who has it.*

(18) *Q. Now, you mentioned August. There was no (19) Stockholders' meeting in August. There was one in (20) September. Is that the meeting you're talking about – (21) A. No.*

(22) *Q. – or are you talking about earlier?*

(23) *A. I'm talking about earlier. And I don't (24) know – see, I know Hetrick was asserting it, Joe (25) Hetrick, but I don't know if there was any meetings*

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(1) where the individuals did

any assertions unless there (2) was a Shareholders' meeting in, like, June, July or (3) August of 1991. And if there was, I don't remember it (4) specifically. I'd have to relook at the garnishment and (5) then try to use that as a benchmark.

(6) *Q. I would appreciate if you would do that.*

(7) *A. I can certainly do that.*

(8) *Q. Now, with regard to the proxies to Mr. (9) Parker from these four people referred to on Page 1 of (10) Exhibit 20, did either you or Mr. Schlegel examine the (11) proxies to determine how many shares were involved, how (12) many votes were involved, any such examination?*

(13) *A. I did not. Mr. Schlegel or Mr. Distasio (14) may have.*

(15) *Q. Now, STV of –*

(16) *A. – of Reading, Inc. Yes.*

(17) *Q. Were you an investor in STV of Reading?*

(18) *A. No.*

(19) *Q. Were you counsel for the company?*

(20) *A. I did legal work for the company. I don't (21) think I'd call myself counsel for the company.*

(22) *Q. Who was President of the company?*

(23) *A. When? I don't mean to be offensive.*

(24) *Q. You're absolutely right. Who was President (25) of the company –*

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(1) *A. Initially?*

(2) *Q. – initially? Thank you.*

(3) *A. To my knowledge, initially Dr. Aurandt was (4) everything. I didn't want to invest in it. He asked. (5) I didn't want to.*

(6) *Q. This is the company that had the decoders (7) for the soft*

*porn?*

(8) *A. That's correct. The boxes that didn't (9) work. And that's – my definition is soft porn. It may (10) have been harder porn than –*

(11) *MR. BECHTEL: Off the record.*

(12) *(Discussion was held off the record.)*

(13) *BY MR. BECHTEL:*

(14) *Q. Do you know the circumstances under which (15) Mr. Parker arrived at this meeting with the proxy of STV (16) Reading?*

(17) *A. I'd have to look at something, but I (18) presume he got it from Massey, Harvey Massey, Pavloff (19) and Busby 'cause they had acquired, I think, like 9.9 (20) percent of the stock of STV of Reading. But there was a (21) dispute whether that was 9.9 or all of it. And in my (22) judgment at that time, because I represented Dr. Aurandt (23) and his interest and my loyalties were to him, it was (24) 9.9.*

(25) *Whether the stock had actually been issued,*

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(1) *I think there was a hundred shares issued, but that's (2) been a subject matter of confusion over the last ten (3) years, nine, whatever the amount of years were. I don't (4) really remember specifically, but that's how he got it.*

(5) *And then I guess – I know Mike claimed he (6) was President at that time through the election of (7) Massey, et al. And then very shortly thereafter he (8) resigned because I didn't think he wanted the (9) responsibility of STV, and I can't blame him because I (10) don't*

think anybody knew what STV really was at that (11) point in time other than a creditor of RBI. And I (12) believe they got 19,000 shares of RBI, so that's how STV (13) would have been able to vote at an RBI meeting.

(14) *Q. Now, do you have knowledge of the (15) circumstances under which Mr. Parker arrived at this (16) meeting with proxies to vote the STV Corporation stock (17) and the proxies to vote the stock of Messrs. Busby, (18) Massey, Pavloff and Pavloff?*

(19) *A. Other than that they had given him the (20) proxies. Again, repeating myself, Busby, Massey and the (21) two Pavloffs would have been – as a result of their (22) position that they owned the RBI stock through the (23) garnishment, he would have been able to vote the STV (24) stock if they owned the stock of STV through the same (25) garnishment, which they claimed that they did at that*

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(1) time.

(2) So that would have been the basis for Mike (3) Parker claiming the authority to vote them. Our (4) position was nobody had the right to vote any stock (5) because of September 14th. Also, with respect to the (6) STV stock itself, there was a dispute whether they had (7) 9. – and don't hold me to it; it might have been 9.89 (8) or something of the STV stock – therefore, that's all (9) they could have voted.

(10) In other words, they couldn't issue the (11) proxy. Their position was that they could. When I say (12) they,

Parker, Hetrick who represented Massey, et al., (13) as I understand it.

(14) *Q. And I will try that question a different (15) way. Were you surprised at the meeting when Mr. Parker (16) showed up with these proxies that gave him the clout (17) that he had?*

(18) **MR. HUTTON:** I'm going to object to the (19) form of the question. The term clout, I think, may lack (20) a foundation.

(21) **BY MR. BECHTEL:**

(22) *Q. The apparent clout.*

(23) *A. I don't think I really was because it (24) didn't make any difference anyway. He had more than (25) enough. Most of the Aurandt supporters had fallen by*

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(1) the wayside between the two meetings. See, Dr. Aurandt (2) had obtained a lot of proxies for the September 14th (3) meeting based upon his view of what was happening at (4) Reading Broadcasting. Thereafter, Mike solicited a lot (5) of proxies in accordance with his view.

(6) And I believe, if you look at the list, (7) that Mike's view prevailed so it probably wouldn't have (8) made any difference. Just so you're aware of it, Dave (9) Hyman and Caroline Hyman, that's his daughter; he was (10) one of the original Shareholders of Reading (11) Broadcasting. And they had all become disenchanted with (12) Dr. Aurandt, particularly Dr. Clymer who, as you can see (13) going through the Minutes, there were times he loved (14) Mike; there were times he hated Mike. But a lot of (15) these

doctors were his good friends, and they relied (16) very heavily on Dr. Clymer's judgment because he's a (17) very knowledgeable man, sometimes too knowledgeable, but (18) that....

(19) *Q. I appreciate your patience because I'm – (20) a couple more questions and I think we got this done.*

(21) *A. As much as you want. That's why I'm here, (22) I guess.*

(23) *Q. If you go to the bottom of Page 3 of the (24) Minutes –*

(25) *A. Yes.*

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(1) *Q. – here you seem to be talking about Mr. (2) Parker having, quote, issued stock.*

(3) *A. Where are you referring to?*

(4) *Q. (Indicating.)*

(5) *A. Um-hum.*

(6) *Q. What were you talking about?*

(7) *A. I was the Secretary of the corporation. I (8) had the stock book; that's what I was talking about. I (9) was saying, how can you do that? And then subsequently (10) Mike produced an opinion of Marvin's based upon the (11) bankruptcy reorganization and something that we had all (12) stipulated to; that any officer of RBI could issue it. (13) But I had the seal, I was Secretary, and I was (14) representing Dr. Aurandt so I wanted Dr. Aurandt to get (15) what he was entitled to.*

(16) *Q. Were you talking about stock that was (17) issued on or before the 14th of September, or were you (18) talking about stock that was issued following September (19) 17th or whatever the magical time was when the*

(20) corporation could issue new stock?

(21) A. Probably before. There was a major – (22) obviously, I can't remember specifically –

(23) Q. I understand.

(24) A. – but there was an issue between the (25) corporation and Dr. Aurandt in two areas – maybe three.

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(1) One we eventually satisfied; that was the fact that – (2) the corporate records didn't indicate appropriately that (3) certain of these shares should be issued to Dr. (4) Aurandt's corporation and his pension plan.

(5) The reason for the concern over that, to (6) the extent they would go to the pension plan, they would (7) be insulated from the garnishment of Massey, et al. To (8) some extent, they might have been insulated with respect (9) to the stock held by the corporation because it was a (10) professional corporation and only a professional could (11) own the stock, so that was another one.

(12) The third issue was stock that was issued (13) to Dr. Aurandt alone rather than to Dr. Aurandt and his (14) wife 'cause if it was tenancy by the entireties then the (15) Massey group – we could have gone, Go away Massey (16) group.

(17) The fourth or fifth dealt with Dr. (18) Aurandt's founder's shares which had been an issue and (19) probably one of the major reasons, other than expenses, (20) that the two men clashed. Dr. Aurandt had received (21) founder's stock at \$3 a share; whereas, everybody else (22) paid \$10.75 a share.

(23) When Mike did his thing of trying to get (24) everybody together, he got everybody together except Dr. (25) Aurandt – although he had Dr. Aurandt but Dr. Aurandt

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(1) wasn't happy with what he'd consented to because Dr. (2) Aurandt wanted his founder's stock to count at 10.75 a (3) share, 'cause then the interest would have accrued at (4) 10.75 a share, which means when they took the interest (5) over the long period of time he would have gotten a lot (6) more shares. And never the twain ever met on that (7) issue.

(8) Parker took the Aurandt shares at \$3 a (9) share and then ran the interest out on that to figure (10) out what he was entitled to when he, you know, worked (11) out, quote, the solution for all the competing (12) interests. So that's – and this was trying to resolve (13) that issue. And, believe me, that was probably the (14) major issue. It even transcended the expenses because (15) that was going deep into Aurandt's pocket.

(16) And Parker – there are a lot of things (17) about Mike, but in this instance he was trying to (18) accommodate Rick without ending up being subject to a (19) censure by the Federal District Court. Because no (20) matter how much bravado anybody has, you don't want the (21) Federal Marshall or a Federal Judge saying, Hey, you (22) violated a Federal Order. So that's what this was (23) dealing with.

(24) Q. Most helpful.

(25) A. Most confusing if you weren't there, and

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(1) even if you were there it's still confusing.

(2) Q. True. Page 4, toward the top, an IRS (3) letter. Are we talking about the payroll taxes?

(4) A. Yes. This is – this is the Parker (5) rejoinder, I believe, through Marvin Mercer to the (6) Aurandt attack through Judith Parker. Marvin Mercer (7) called the IRS when he represented the President of the (8) corporation – you know, whatever Aurandt's title was – (9) Director – to come levy on the Director, and I just (10) thought that was outrageous.

(11) Q. In terrorem.

(12) A. As you can see, some of the colloquy (13) between Marvin and myself deals with some interesting (14) dialogue. By the way, he never did sue me.

(15) MR. BECHTEL: Page 4, toward the bottom, (16) Mike Parker read from the agenda, paren, Please see (17) attached. We request a copy of that.

(18) Page 6 just before the listing of – before (19) the roll call, Mike Parker conducted roll call, paren, (20) please see attached for listing. In the event of any (21) discrepancies, we request a copy of that attachment.

(22) BY MR. BECHTEL:

(23) Q. Page 7, the fifth paragraph down from the (24) top, did you think that the shares were issued wrongly, (25) working off the wrong list, and, if so, can you amplify

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(1) on that?

(2) A. Yes. There were transfers that had not (3) been



memorialized like, as I indicated earlier, the Dr. (4) and Mrs. Rotenberg shares. They have three children. (5) And they had transferred those shares to themselves as (6) guardians under the Uniform Transfers to Minors Act, or (7) at that time it may have been Uniform Gifts to Minors (8) Act. It was PUGMA, Pennsylvania Uniform Gift to Minors (9) Act; then it was amended to be Pennsylvania Uniform (10) Transfers to Minors Act, because now you could put real (11) estate into these. It was broadened with the change. (12) That's what I was referring to with this. (13) They could never get the pension plans right on the list (14) and that's because, you know, whoever was keeping the (15) list – that's what I was referring to. I was also (16) referring – alluding to the fact that I wanted to get (17) Aurandt's shares probably in a protected environment (18) from the garnishment to the extent that it was (19) appropriate.

(20) *Q. Page 7, last line.*

(21) **A. Yes.**

(22) *Q. I gather from that there was a potential (23) IRS involvement of STV Reading; correct?*

(24) **A. I was just trying to intimidate Mike – (25) that's what that was – 'cause if there was liability I**

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(1) was going to say, Since you're President, guy, you're (2) responsible for those taxes. I don't think they had (3) employees at that time.

(4) *Q. Counter in terrorem.*

(5) **A. Yes, but a gentlemanly one. Go ahead.**

(6) **MR. BECHTEL:** Top of the next page, third (7) paragraph, Mr. Schlegel asked to see the proxies; please (8) see attached. We request copies of that.

(9) **THE WITNESS:** Where are you? Okay. I see.

(10) **MR. BECHTEL:** I wasn't asking you any (11) question. I was directing that to your –

(12) **THE WITNESS:** My eminent counsel for the (13) company.

(14) **MR. BECHTEL:** Eminent counsel. Exactly.

(15) **BY MR. BECHTEL:**

(16) *Q. Page 10, there is a roll call on the new (17) members of the Board, and right toward the bottom of the (18) page you were not there. By that time had you left the (19) meeting?*

(20) **A. I gather I did, but I know – I shouldn't (21) say. I believe we did, but I don't think we left the (22) premises.**

(23) *Q. Well, if you go to the next page there is a (24) reference to commencement of a Board of Directors' (25) meeting at 7 o'clock. Was a Board of Directors' meeting*

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(1) *held at 7 o'clock?*

(2) **A. Probably, but I think that would be – that (3) probably was the Aurandt Board of Directors' meeting (4) that this is having reference to because Mr. Schlegel (5) would be the one making that reference since he (6) represented the Aurandt group. Here (indicating).**

(7) **MR. HUTTON:** (Indicating.)

(8) **THE WITNESS:** That's the guy. That's the (9) attorney in the front row.

(10) **MR. HUTTON:** It looks like you were there.

(11) **THE WITNESS:** I may have

come back. See, (12) we were in and out. And then I think I got kicked out (13) at the later meeting of the other Board.

(14) **BY MR. BECHTEL:**

(15) *Q. We're coming to that.*

(16) **A. I voluntarily left after awhile because I (17) wasn't going to let them intimidate me. I had some (18) advantage that they didn't have, but go ahead.**

(19) *Q. Do you recall or would the company's (20) records show whether there were Minutes of the Board of (21) Directors' meeting held on this date by the Aurandt (22) Board?*

(23) **A. The company would not have them. Attorney (24) Schlegel may have them if they were, in fact, taken, but (25) I don't recall.**

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(1) *Q. Do you recall what went on at the meeting?*

(2) **A. Probably we were talking about the vote is (3) going to go through, we better begin some legal action. (4) I think that was probably the gist of it because we knew (5) that Mike had obtained enough proxies with or without (6) the contested – the ones that we would have contested (7) to carry the day because he outmaneuvered Rick as far as (8) saying who was better for the company, and that's really (9) what this was about, who was better for the company. (10) And each man thought they were. Taking apart the (11) emotion – because there was a lot of emotion in this (12) stuff. I mean, Mrs. Aurandt, whew, she was angry.**

(13) **MR. BECHTEL:** I found another one. Page (14) 14, two-



thirds of the way down the page, Mike Parker (15) stated –

(16) **THE WITNESS:** Okay.

(17) **MR. BECHTEL:** – Mike Parker stated that (18) there is also a digest of the Minutes of the Board of (19) Directors' meetings available, paren, please see (20) attached. We request a copy of that.

(21) **THE WITNESS:** That may be both good and (22) bad, relevant and non-relevant.

(23) **BY MR. BECHTEL:**

(24) *Q. You said Dr. Aurandt and the four gentlemen (25) that he played golf with down in South Carolina were*

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(1) *Stockholders of STV Reading?*

(2) **A.** Well, Dr. Aurandt was the stockholder of (3) STV of Reading. He had given other people, like, notes (4) to become Stockholders in STV of Reading, and it may (5) have been this group as part of their litigation. But, (6) to my knowledge – and I may be wrong here – but, to my (7) knowledge, Massey, et al., got their stock through the (8) garnishment because I don't remember any of those notes, (9) which were convertible to STV stock, have ever been (10) finalized. It may have been by their terms that they (11) should have gotten it but that – I'd have to really go (12) back and check that.

(13) *Q. Other than those four and Dr. Aurandt, did (14) anyone else have actual stock ownership or rights to (15) stock ownership of the type you just described, to your (16) knowledge?*

(17) **MR. HUTTON:** In STV of Reading, Inc.?

(18) **BY MR. BECHTEL:**

(19) *Q. In STV of Reading, Inc.*

(20) **A.** I don't know the answer. I know when Dr. (21) Aurandt formed STV of Reading, Inc. – because I did (22) it, the legal work – that he had offered people the (23) opportunity to invest in STV of Reading, Inc. And what (24) I can't remember is whether Harvey Massey or any of (25) those people did invest or anybody else invested through

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(1) some sort of note.

(2) Because it's – something sticks in my mind (3) that there was a note or something that would have given (4) them the right, but I don't want to say anything more (5) than that because I don't remember. To my knowledge, at (6) that time, no. But there I'm not over-tremendously (7) confident that I'm a hundred percent right; 99 but not a (8) hundred.

(9) **MR. BECHTEL:** Page 18, the top of the page, (10) Marvin Mercer began his report, please see attached. We (11) request a copy of the attachment.

(12) **THE WITNESS:** That's his memo regarding (13) stock.

(14) **BY MR. BECHTEL:**

(15) *Q. Top of Page 19, the IRS filed a garnishment (16) against the bank for STV Reading. Do you know what that (17) was for?*

(18) **A.** No. No, I don't – I vaguely remember (19) something, but I don't know what they would have (20) garnished. I don't know the answer to your question. A (21) garnishment against Meridian Bank for STV of Reading, (22) Inc. – I'm talking to myself right now.

(23) *Q. Page 20. We're at the top.*

*Mr. Schlegel, (24) according to Mr. Mercer, called him asking for the stock (25) book. At this point in time do you know where the stock*

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(1) *book was located?*

(2) **A.** (Witness reviewed document.)

(3) You mean back at this date?

(4) *Q. Yes.*

(5) **A.** I probably had some original stock books in (6) my office. When I say original stock books, Reading (7) Broadcasting was incorporated in 1976. There were (8) changes in the corporate structure before it went on the (9) air in 1980. I had those stock books, which would have (10) represented the initial stock holdings.

(11) I believe we ran out of shares because, if (12) you recall, the share holdings were – there were (13) amendments to the articles, and those would have had to (14) have been – new books would have been ordered to (15) reflect the increase in the authorized capital from (16) 360 – from the 50 to the 360 to, I guess at some point, (17) 420,000 shares.

(18) Those are the books, I think, because in (19) order to implement the Parker plan, you know, from '89 (20) to '91 that everybody agreed to there would have been (21) new stock books. My office may have ordered those (22) books, but we didn't do the – I think I probably gave (23) them to Mike to do, and I think that's what Ray was (24) looking for, Ray being Mr. Schlegel.

(25) **MR. BECHTEL:** Staying with that section of

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(1) Page 20, Marvin Mercer read a memo from Dr. Aurandt to (2) Marvin Mercer, paren, please see attached, and then it (3) goes on to discuss what may have been in the memo. We (4) request a copy of that memorandum.

(5) **BY MR. BECHTEL:**

(6) *Q. Without the benefit of that memorandum, can (7) you enlighten us on what Mr. Mercer was talking about (8) when he said that all shares were issued to Meridian (9) Bank?*

(10) **A. Well, he doesn't mean that. What he means (11) is that all shares were issued to the Stockholders, and (12) through the pledge, under our agreement with Meridian (13) Bank, they were all delivered to Meridian Bank. That (14) was their security agreement with us from the very (15) inception. I shouldn't say that. It wasn't recorded – (16) he may not have said that, but it wasn't recorded (17) accurately.**

(18) *Q. Do you know who wrote those Minutes?*

(19) **A. Since I was there and not there, no, I (20) don't. I was in and out.**

(21) *Q. True.*

(22) **A. Do you want an educated guess?**

(23) *Q. Sure.*

(24) **A. Either Barbara or George.**

(25) *Q. Well, I guessed it wasn't anyone from Mr.*

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(1) *Aurandt's group.*

(2) **A. That's correct. But George tried to do (3) things accurately, and I think Barbara**

**did as well. So (4) I'm not saying they don't accurately reflect what they (5) heard. It may not have been what was said, but they (6) didn't – please don't forget, you have lay people (7) listening to a lot of legal stuff and, boy, they – (8) sometimes they slaughtered it.**

(9) **MR. BECHTEL:** Staying on the same Page 20, (10) we have another one. Marvin Mercer began discussion of (11) Class G creditors; He spoke of Dr. Aurandt being removed (12) as President and read a 1990 letter –

(13) **THE WITNESS:** To the Masseys.

(14) **MR. BECHTEL:** – to the Masseys – (15) thanks – paren, please see attached, releasing claims (16) against Dr. Aurandt. We request a copy of that.

(17) **BY MR. BECHTEL:**

(18) *Q. Without the benefit of that document before (19) you, sir, can you help explain what happened there?*

(20) **A. Well, I'm guessing – well, a little more (21) than a guess, an educated guess – that Dr. Aurandt's (22) letter to the Masseys was, say, don't garnish my stock, (23) don't take the judgment, give up your claims against me (24) and I will do something to make you whole when the (25) station sells for whatever, because that happened**

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(1) **frequently.**

(2) *Q. I see, commencing on Page 21 and then going (3) on at some length, you were curious about a garnishment (4) of RBI against Dr. Aurandt. This is not the IRS (5) garnishment. I thought it was, for the moment.*

(6) **A. Yes, it is.**

(7) *Q. It is?*

(8) **A. Pat Dunne is a local revenue agent.**

(9) *Q. I'm sorry?*

(10) **A. Pat Dunne is a local revenue agent.**

(11) *Q. Can you tell me what that IRS garnishment (12) was all about?*

(13) **A. It was for pre-Parker FICA and withholding (14) taxes that the company didn't pay and that Marvin (15) Mercer – what you are using, in terrorem – brought the (16) IRS down upon Rick's head.**

(17) *Q. The whistle blower?*

(18) **A. That's right. As you see, Marvin makes a (19) truest statement; he had to stop the manipulating. And (20) I was appalled.**

(21) *Q. Page 24, there is a reference to The Movie (22) Store. Out of curiosity, what was The Movie Store (23) having to do with STV of Reading?*

(24) **A. Where are you reading from?**

(25) *Q. Page 24, a third of the way down.*

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(1) **A. I don't know. I don't know. I know the (2) name, and I know it's related to STV of Reading, but I (3) have no idea at this juncture what the impact of that (4) comment is or what it means.**

(5) *Q. Page 26, bottom of the page. Now, this (6) comes sometime after the adjournment perhaps of some (7) people to go at 7 o'clock to a Board of Directors' (8) meeting. Was a Board of Directors' meeting held on the (9) evening of this date?*

(10) **A. I'd have to know if this**

was the meeting (11) that elected McCracken and Judge Rose as Board members. (12) If it was, then there was a meeting afterward, but I – (13) can you tell me?

(14) *Q. I think there was such a meeting, but I (15) don't have the Minutes.*

(16) **A. But what I'm asking is, this – did they (17) elect Directors at this meeting? That's what I need to (18) see, new Directors.**

(19) *Q. I stand corrected. I do not have a note (20) that there was a meeting after this one to elect Mr. (21) McCracken. That melancholy event occurs later.*

(22) **A. Well, there's a reference to Mr. (23) McCracken's name on the top of one of the pages that I (24) was shuffling through to get to where you were. Here it (25) is (indicating).**

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(1) *Q. It's the top of Page 26.*

(2) **A. Yes. That's – the Board of Directors were (3) elected earlier because you had asked about that. Hold (4) on a second. You had asked about that roll call. That (5) will tell us.**

(6) *Q. That's true.*

(7) **A. That will tell us.**

(8) *Q. You're looking at Pages 9 and 10?*

(9) **A. I'm not looking at any pages. I'm trying (10) to find it.**

(11) *Q. I'm sorry.*

(12) **A. Yeah. That's it, the nominees. Here it (13) is. 11. And that's – for some reason Ben Bowers lost. (14) He's Rick's stepbrother or half-brother. He was the (15) only loser out of those five. Yes, there was a meeting (16) after this meeting. That's the meeting I think I, af-**

**ter (17) awhile, decided I ought to leave because they were going (18) to call the City Police and I said, Go ahead; I'm the (19) City Solicitor and I'll call them for you. They didn't (20) take me up on that, but then they said, please, and I (21) said, okay.**

(22) *Q. I will come to that meeting in a moment. (23) You also say that there was a Shareholders' meeting (24) scheduled for November 12th, 1991. I don't have such a (25) document in my notes.*

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(1) *Do you know, was that Shareholders' meeting (2) held?*

(3) **A. I don't know but that may have been the (4) Aurandt version of the Shareholders' meeting, and I (5) don't know if it was held or not. I'd have to check.**

(6) *Q. Well, if so then we'll need to check your (7) sources, not Reading Broadcasting Company's records.*

(8) **A. Yeah. I don't think – I really don't (9) know. I don't know. I'll check to the extent I can, (10) but I may have to check with Attorney Schlegel 'cause I (11) don't remember that.**

(12) *Q. Well, we'd appreciate if you found (13) something in the nature of Minutes of that meeting. We (14) would include that on our list of requested documents.*

(15) **A. Their number is – his number is (16) 610-372-5588.**

(17) **MR. BECHTEL: Page 30 – (18) THE WITNESS: Yes.**

(19) **MR. BECHTEL: – there is a reference – (20) I'm addressing this to Mr. Hutton and to Reading (21) Broadcasting, Inc. – there is**

reference here to an (22) opinion letter from Communication's counsel or a verbal (23) opinion from Communication's counsel. We would like to (24) know the subject matter of that, and then if that (25) suggests it has relevance we would like to have a copy

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(1) of it.

(2) **MR. HUTTON: I assume it's privileged.**

(3) **MR. BECHTEL: I'm sorry?**

(4) **MR. HUTTON: I assume it's privileged, but (5) I'll look for it.**

(6) **MR. BECHTEL: If so, it was stated with a (7) heck of a lot of people present at the meeting.**

(8) **MR. HUTTON: That doesn't eliminate the (9) privilege.**

(10) **MR. BECHTEL: On Page 31, Mr. Hutton, there (11) is the following statement: Mike Parker began a (12) discussion of the fourth item of the ballot involving (13) garnishment by the IRS, paren, please see attached. We (14) request a copy of that document.**

(15) (Short recess was taken.)

(16) **BY MR. BECHTEL:**

(17) *Q. Our information is that there was a Board (18) meeting on October 30, 1991 where Mr. Linton was (19) terminated as counsel. Mr. Mercer became corporate (20) counsel. A lady became an attorney, but I don't have (21) the name, as local counsel. I don't have the name. I'm (22) looking at Carolyn Hyman-Brooks, but –*

(23) **A. No, she wouldn't have been local counsel. (24) No. She just got paid for serving as Judge of Election. (25) I think that's what you're referring to.**

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(1) *Q. This may be Harry's notes.*

(2) **A.** She got \$325, if I remember.

(3) **Q.** The thing Harry remembers is that –

(4) **A.** I got fired, was what Harry remembers. (5) Yes.

(6) **Q.** All right. You remember that. Mr. Mercer (7) was elected Secretary and Mr. Parker was elected (8) President and Chief Executive Officer and Treasurer. He (9) had all the other positions. Also, that the Board (10) authorized payment of Mr. Parker's legal fees for the (11) lawsuit that it anticipated would be filed. So those (12) Minutes are floating around someplace. We request a (13) copy.

(14) **Q.** Exhibit 21, Minutes of December 30, 1991 (15) Board meeting. Were you present at this meeting?

(16) **A.** I don't believe so, but let me not jump to (17) that conclusion – oh, that meeting?

(18) **MR. HUTTON:** Yes.

(19) **THE WITNESS:** No, I was not.

(20) **BY MR. BECHTEL:**

(21) **Q.** Do you have any knowledge of the closing (22) negotiation documents with the Meridian Bank that are (23) itemized in these Minutes?

(24) **A.** I've since seen them, but I didn't see them (25) at the time.

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(1) **Q.** There are three that interest me. One, (2) Item No. 11, is the Collateral Pledge Agreement, the (3) Limited Recourse Guaranty, and the Stock Power. Do you (4) know what Stock Power is referred to?

(5) **A.** Every one of us had to do this, all the (6) shareholders. This was to pledge our stock to

the bank (7) as security, just updating what we had basically done (8) before.

(9) **Q.** That's enough. Paragraph 13, Partel (10) Collateral Pledge Agreement. Do you have any knowledge (11) what that is, the next page?

(12) **A.** I believe Partel guaranteed something to (13) Meridian, and that's what this – they were pledging. I (14) believe they were pledging Partel's stock, as well, but (15) that I'm a little more fuzzy on.

(16) **Q.** And the opinion letter from Mr. Wadlow, do (17) you know the subject matter of that opinion?

(18) **A.** Where is that?

(19) **Q.** Item No. 15, right below where you were (20) looking on Page 3 up at the top.

(21) **A.** Clark Wadlow, W-A-D-L-O-W, is an attorney, (22) I believe. No, I don't know, unless it had something to (23) do with the ability to pledge the license as security (24) for the loan. That may be what it was, but I don't (25) know. I don't believe I've ever seen that opinion so I

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(1) really shouldn't say.

(2) **Q.** Exhibit 22 is the Stenographic Report of (3) the Meeting of Stockholders held February 4, 1992, (4) prepared by our distinguished Court Reporter who graces (5) our room today.

(6) **A.** If that's a question, I agree.

(7) (Witness reviewed document.)

(8) **Q.** I'll direct your attention to Page 3.

(9) **A.** Yes.

(10) **Q.** Starting at Line 5, there is a reference to (11) a statement made by Mr. Parker that under the

management (12) contract of Partel, Inc., I have the veto power over any (13) expenditures made by the corporation.

(14) Are you aware of any such provision in the (15) management contract, as it may have been amended by this (16) point in time?

(17) **A.** I believe it's in the original contract (18) that he – the Board would decide what to expend, but he (19) could say don't, and I'd have to look at the agreement, (20) Gene, to see where that appeared.

(21) If you want some of the background, he was (22) concerned because he had a profit – if the company made (23) a profit his company got part of those profits, So he (24) was very concerned that the Board not authorize expenses (25) that he might have felt improper so as to minimize the

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(1) profit; however, since none of it ever occurred it's (2) probably moot, at least in that context, but that's what (3) it was there for.

(4) **Q.** I don't have the agreement in the room, but (5) the agreement that had been furnished to us by Reading (6) Broadcasting doesn't contain a provision in which (7) Partel, Inc. has a veto power over expenditures.

(8) **A.** I don't –

(9) **Q.** I will stand corrected if I'm wrong.

(10) **A.** I don't agree with you, but obviously (11) without having it in front of me either I'm not going (12) to – well, I am going to say, but I'm not going to say (13) a hundred percent. I think that's what it does say.

CERTIFICATE OF SERVICE

I certify that I have this 21st day of January 2000 caused copies of the foregoing ADAMS' MOTION FOR LEAVE TO PRESENT REBUTTAL TESTIMONY to be hand delivered to the offices of the following:

The Hon. Richard L. Sippel  
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A handwritten signature in black ink, appearing to read 'Gene A. Bechtel', is written over a horizontal line.

Gene A. Bechtel